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## BEFORE THE ARIZONA CORPORATION COMMISSION

## COMMISSIONERS

MIKE GLEASON - Chairman  
WILLIAM A. MUNDELL  
JEFF HATCH-MILLER  
KRISTIN K. MAYES  
GARY PIERCE

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AZ CORP COMMISSION  
DOCKET CONTROL

Arizona Corporation Commission

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IN THE MATTER OF THE APPLICATION OF  
WILHOIT WATER COMPANY, INC.,  
THUNDERBIRD MEADOWS SYSTEM, FOR  
RETROACTIVE APPROVAL OF A  
FINANCING APPLICATION.

DOCKET NO. W-02065A-07-0306

IN THE MATTER OF THE APPLICATION OF  
WILHOIT WATER COMPANY, INC.,  
THUNDERBIRD MEADOWS SYSTEM, FOR  
APPROVAL OF A FINANCING APPLICATION.

DOCKET NO. W-02065A-07-0307

IN THE MATTER OF THE APPLICATION OF  
WILHOIT WATER COMPANY, INC.,  
THUNDERBIRD MEADOWS SYSTEM, FOR  
APPROVAL OF A PERMANENT RATE  
INCREASE

DOCKET NO. W-02065A-07-0312

IN THE MATTER OF THE APPLICATION OF  
WILHOIT WATER COMPANY, INC.,  
THUNDERBIRD MEADOWS, FOR THE  
APPROVAL OF A FINANCING APPLICATION.

DOCKET NO. W-02065A-08-0138

PROCEDURAL ORDER**BY THE COMMISSION:**

On May 21, 2007, Wilhoit Water Company, Inc., Thunderbird Meadows System ("Applicant" or "Company") filed the following applications: an application requesting approval of retroactive financing in the amount of \$15,000 in Docket No. W-02065A-07-0306; an application requesting approval of financing in the amount of \$131,059 in Docket No. W-02065A-07-0307; and an application requesting approval for a permanent rate increase in Docket No. W-02065A-07-0312.

On June 19, 2007, the Company filed certification that it had mailed public notice to its customers of its rate application, but there is no indication that notice was provided on its financing applications.

On June 20, 2007, pursuant to A.A.C. R14-3-103, the Commission's Utilities Division

1 (“Staff”) issued a Notice of Insufficiency with respect to the Company’s rate application.

2 On July 18, 2007, the Commission held a public comment hearing in Wilhoit, Arizona.

3 September 10, 2007, pursuant to A.A.C. R14-2-103, Staff issued a Notice of Sufficiency with  
4 respect to the Company’s rate application and classified the Company as a Class D Utility.

5 On September 19, 2007, Staff filed a Motion to Consolidate the three above-captioned  
6 proceedings because Staff believed that the applications could be more efficiently handled if the  
7 matters were combined into a single proceeding.

8 On September 25, 2007, by Procedural Order, the above-captioned proceedings were  
9 consolidated.

10 On October 19 and 24, 2007, by Procedural Orders, the Commission scheduled a public  
11 comment hearing on the applications on November 15, 2007, at the Wilhoit Southern Baptist Church  
12 in Yavapai County, Arizona.

13 On October 31, 2007, the Company filed certification that it had provided public notice of the  
14 scheduled public comment hearing on October 29 and 30, 2007.

15 On November 9, 2007, Staff filed its report recommending approval of its proposed rates and  
16 charges. Staff further recommended that the Company’s retroactive financing application for  
17 \$15,000 be denied and its financing application for \$131,059 be approved. Additionally, Staff  
18 indicated that the Company needs to invest in a new water source with an estimated cost of  
19 approximately \$100,000 and also recommended approval of this sum as long-term debt. However,  
20 the Company had not yet filed an application for approval of the additional long-term debt  
21 recommended by Staff.

22 On November 15, 2007, the Commission held a public comment hearing as previously  
23 ordered.

24 On November 19, 2007, the Company filed objections to Staff’s recommendations with  
25 respect to Applicant’s rate application and the denial of its financing application for \$15,000. The  
26 Company also objected to Staff’s estimate of the cost of a new water source as being insufficient.

27 On January 7, 2008, by Procedural Order, the Company’s rate application could be addressed,  
28 the Company was ordered to file an additional financing application in light of Staff’s

1 recommendations for the financing of a new water source. Additionally, the Company was ordered  
2 to provide public notice of the previous financing applications and the new financing application in a  
3 form and manner approved by Staff. Lastly, the time-frame in the rate proceeding was suspended  
4 pending Staff's review of the Company's new financing application after which Staff was to an  
5 amended Staff Report concerning the Company's rate application and a Staff Report on the  
6 Company's new financing application before a hearing is scheduled on the applications.

7 On March 6, 2008, the Company filed an application with the Commission for an order  
8 authorizing applicant to issue \$345,000 of debt in Docket No. W-02065A-08-0138.

9 On April 25, 2008, Staff filed its amended Staff Report on the earlier filed applications and its  
10 new Staff Report on the company's recently filed financing application.

11 On April 28, 2008, Mr. Daniel E. Furnas filed a Motion to Intervene. No objections were  
12 filed to Mr. Furnas' Motion.

13 On June 5, 2008, by Procedural Order, Mr. Furnas was granted intervention.

14 On June 12, 2008, by Procedural Order, the Company's financing application in Docket No.  
15 W-02065A-08-0138 was consolidated with the above-referenced proceedings and a procedural  
16 conference was scheduled on June 20, 2008, concerning the respective applications.

17 On June 30, 2008, the Company and Staff appeared at the procedural conference with  
18 counsel. Mr. Furnas did not appear. The parties discussed the pending issues in the proceeding and  
19 the Company's counsel indicated that the Company no longer had any objections to any of Staff's  
20 recommendations in the proceeding and was in agreement with them. However, before further action  
21 could be taken on the respective applications, the presiding Administrative Law Judge determined  
22 that the Company would have to provide Staff with updated expense figures on its financing request  
23 with respect to its proposed new water source in Docket No. W-02065A-08-0138, which in part may  
24 be affected by the outcome of the Company's pending complaint against Walden Meadows  
25 Community Co-op ("WMCC") in Docket No. W-02369A-08-0260. Following the Company's  
26 update, Staff was to file by August 4, 2008, a response which set forth its proposed alternatives for  
27 financing and Staff's recommended base and commodity rates and surcharges for approval by the  
28 Commission.

1 On August 4, 2008, after the Company provided Staff with updated expense figures related to  
2 its financing for a new water source, Staff filed its response, and recommended two alternatives for  
3 surcharges depending on the amount financed, but the surcharge amount cannot be determined until  
4 the Company's complaint against WMCC is resolved after which the revenue needed to service the  
5 debt on the amount to be financed can be determined.

6 Accordingly, action in this proceeding should remain suspended until further Order and until  
7 a resolution is reached in Applicant's complaint against WMCC in Docket No. W-02369A-08-0260.

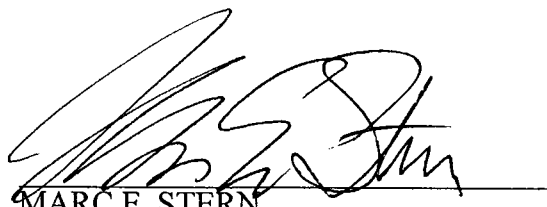
8 IT IS THEREFORE ORDERED that the above-referenced proceedings shall remain  
9 suspended pending a resolution in Docket No. W-02369A-08-0260.

10 IT IS FURTHER ORDERED that the time-frame in the above-captioned rate proceeding shall  
11 remain suspended until further Order

12 IT IS FURTHER ORDERED that all parties must comply with Rules 31 and 38 of the Rules  
13 of the Arizona Supreme Court and A.R.S. § 40-243 with respect to practice of law and admission *pro*  
14 *hac vice*.

15 IT IS FURTHER ORDERED that the Presiding Administrative Law Judge may rescind, alter,  
16 amend, or waive any portion of this Procedural Order either by subsequent Procedural Order or by  
17 ruling at hearing.

18 DATED this 8<sup>TH</sup> day of August, 2008.

  
MARC E. STERN  
ADMINISTRATIVE LAW JUDGE

23 Copies of the foregoing mailed/delivered  
24 this 8<sup>TH</sup> day of August, 2008 to:

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14 By:



15 Debbi Person  
16 Secretary to Marc E. Stern  
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